6 month perspectives
Regulator Advice Workshop

Cameron Grebe
General Manager Environment
26 July 2012
Agenda

6 month look back

• Regulatory activities including
  • Assessment and Compliance
  • Spill Assessment
  • Monitoring and Analysis
  • Implementation and Regulatory Guidance

Next Steps

• Annual operating plans
  • Opportunities for efficiency and improvement

Question and Answer

• Feedback, challenges and opportunities
Objectives

• To provide operators with an overview of implementation of the environmental management function at NOPSEMA

• To provide an indication of the future direction of NOPSEMA Environmental Management Division

• To provide an opportunity for operators to identify and discuss challenges and opportunities
<table>
<thead>
<tr>
<th>Regulatory Activity</th>
<th>6 months overview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessment</td>
<td>58 submissions received, 75 notification letters issued (27 acceptance)</td>
</tr>
<tr>
<td>Inspection</td>
<td>2 initial compliance inspections complete, New policy issued, Offshore compliance inspections underway</td>
</tr>
<tr>
<td>Investigation</td>
<td>100% minor incidents reported reviewed, Environment Investigator position established</td>
</tr>
<tr>
<td>Enforcement</td>
<td>6 enforcements</td>
</tr>
<tr>
<td>Operator liaison</td>
<td>70+ liaison meetings (&gt;75% during assessment), 200 operator representatives</td>
</tr>
<tr>
<td>Advisory: workshops</td>
<td>&gt;10 workshops, &gt;300 operator representatives</td>
</tr>
<tr>
<td>Advisory: publications</td>
<td>17 documents published (policies, guidance etc), 7 environment-focussed articles in <em>The Regulator</em></td>
</tr>
</tbody>
</table>
An environmentally responsible offshore petroleum industry

- Assessments commence
- Improvements in EP/OSCP
- ‘Inherited’ EP revisions
- Improved program national focus topics
- Additional guidance notes released
- Review of environmental performance reports
- Commencement of amended regulations
- EPBC Act streamlining

Comprehensive challenge to operators – ‘could even more be done?’

Increased focus on improvements – continuous improvement, monitoring etc

Promote strategic approaches

1 January 2012
<table>
<thead>
<tr>
<th>Operator ‘Myths’</th>
<th>NOPSEMA Reality</th>
</tr>
</thead>
</table>
| No two-way communication in an assessment | • Operator liaison meetings  
• As needed contact with Manager  
(BEWARE: phoning assessor takes time away from the assessment) |
| One or two strikes and you’re out | • Reasonable opportunity – two resubmissions  
• Then new submission  
• Amend Policy & letters to clarify |
| Approvals are taking 3 to 6 months | • Submission to acceptance <1 to ~3.5 months  
• 75% less than 2 months |
| NOPSEMA looks at new/different areas of the plan each time | Assessment is BOTH a:  
• **General assessment** of all requirements  
And  
• ‘Horizontal’ assessment across a **sampling** of 1-3 key risk areas |
Assessment and Compliance

Alice Turnbull
Environment Specialist – Assessment & Compliance
Submissions and Assessment Status

<table>
<thead>
<tr>
<th>Total submissions received</th>
<th>58</th>
</tr>
</thead>
<tbody>
<tr>
<td>Including those transferred from Designated Authorities</td>
<td>6</td>
</tr>
<tr>
<td>Decisions</td>
<td>30</td>
</tr>
<tr>
<td>Acceptances</td>
<td>27</td>
</tr>
<tr>
<td>Refusals</td>
<td>3</td>
</tr>
<tr>
<td>In Progress</td>
<td>28</td>
</tr>
<tr>
<td>Resubmissions under assessment</td>
<td>3</td>
</tr>
<tr>
<td>New submissions under assessment</td>
<td>12</td>
</tr>
<tr>
<td>Submissions currently being modified by operators for resubmission</td>
<td>13</td>
</tr>
</tbody>
</table>

Statistics at 25 July 2012

Number of Submissions

<table>
<thead>
<tr>
<th>Month</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>14</td>
</tr>
<tr>
<td>February</td>
<td>12</td>
</tr>
<tr>
<td>March</td>
<td>11</td>
</tr>
<tr>
<td>April</td>
<td>7</td>
</tr>
<tr>
<td>May</td>
<td>6</td>
</tr>
<tr>
<td>June</td>
<td>8</td>
</tr>
<tr>
<td>July</td>
<td>14</td>
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</table>
Assessment and Compliance

Environment Plans as at 25 July 2012

- Submitted
- Refused to Accept
- Accepted
- Operator modifying for resubmissions
- Assessment in Progress with NOPSEMA
Environment plan assessment timelines status submissions made 1 January – 30 June 2012

Notes:
1. Chart represents assessment status as at 1 July 2012
2. Assessments without “in progress” bars are complete and accepted
3. * indicates activities for which additional time for notification agreed with the operator to allow for complex assessment and/or operator’s
Regulation 11(1)(b) – *demonstrates* that environmental impacts and risks of the activity will be reduced to as low as reasonably practicable *(ALARP)*

- **On commencement - 1 January 2012:**
  - Limited demonstration of ALARP
  - Confusion with demonstration of acceptable levels
- **6 months after commencement - now:**
  - Methodologies
  - Options analysis/cost benefit analysis/hierarchy of controls
- **The future:**
  - Refinement and fine-tuning
  - Consideration and better use of existing studies and information
• Regulation 11(1)(d) – provides for appropriate environmental performance objectives, environmental performance standards and measurement criteria

• On commencement - 1 January 2012:
  – Not specific
  – Not measurable

• 6 months after commencement - now:
  – Often measurable and specific
  – Confusion regarding standards and measurement criteria

• The future:
  – SMART
  – Receiving environment
Regulation 11(1)(f) – **demonstrates** the operator has carried out consultation with **relevant persons**

- **On commencement - 1 January 2012:**
  - Brief description of consultation

- **6 months after commencement - now:**
  - Summary
  - Generally contains an assessment of merit
  - Full text of responses

- **The future:**
  - Strategic engagement
**Offshore Petroleum and Greenhouse Gas Storage Act 2006**

- Section 646 – Function of NOPSEMA
  - Develop and implement effective monitoring and enforcement strategies
- Section 600 – Appointment of petroleum project inspectors
- Section 601 – Monitoring powers of petroleum project inspectors
NOPSEMA Policy and Procedures

• Professional and independent regulator
• Details environmental management inspection principles
• Inspection types: planned and other
• Provision of inspection briefs and reports
• Sampled and team based approach to inspections
• Inspection findings will be based on documents found during the inspection
• **Program**
  – Initially only 4 Inspections have been confirmed in the program
  – 2012/13 target: 18-25 different activities inspections
  – Long term inspection target of 40 to 60 activities

• **Transitional Arrangements**
  – Prioritise Environment Plans accepted by NOPSEMA for inclusion in the annual program
Spill Assessment
• Assessments
  – 56 Environment Plans to 20 July
  – All required some degree of OSCP assessment
  – 44 included an oil spill detailed assessment topic
Environment Plan Assessment by Activity Type

- Storage, processing or transport of petroleum
- Significant modification of a petroleum pipeline
- Significant modification of a facility
- Seismic surveys
- Recovery of petroleum using a subsea installation
- Other surveys
- Operation of a petroleum pipeline
- Operation of a facility
- Drilling
- Construction and installation of a petroleum pipeline
- Construction and installation of a facility
- Any other petroleum-related activity
NOPSEMA's Engagement with the National Plan

• On commencement - 1 January 2012:
  - Limited integration of offshore petroleum with the National Plan
  - Lack of consultation between operators and OSROs

• 6 months after commencement - now:
  - Explanatory note published
  - OSCP Guidance

• The future:
  - National Plan Review
Spill Assessment engagement timeline

- APPEA Environment Conference
  Established need
  7 November

- Consultation Period (30 days)
  Included updates from regulatory experience
  6 March

- Consultation Workshop
  OSCP Guidance Feedback
  27 April

- Consultation Workshop
  Oil Spill Response Workshop
  28 June

- Regulator Advice Workshop
  Environmental Consultants Association
  25 July

- NOPSEMA Starts Regulation
  Interim Guidance Published Rev 0
  1 January

- NOPSEMA EP/OSCP Workshops
  Outline of general principles in guidance
  7 March
  Provide general feedback on failings in current submissions
  20 March

- Received feedback on GN
  - AMOSC
  - DOT Victoria
  - DMP WA
  13 April

- Regulator Advice Workshop
  Today
  26 July

- Consolidated Guidance Published
  Rev 2
  [Annual Reviews]
  30 July
## Focus Area A: Response Framework
- Division of Responsibility and Jurisdictional Boundaries
- Trans-boundary Spill Impacts
- Organisational Arrangements & Response Structures
- Transitional Arrangements (escalation)

## Focus Area B: Communication and Consultation in a Response
- Consultation in preparation to respond
- Consultation during a response
- Response Communication and Information Management
- Role of Industry Advisor

## Focus Area C: Coordination of Resources in a response situation
- Oil Spill Response Training and Competence
- Equipment availability
- Access to OSRA
- Financial Arrangements
- Waste Management

## Focus Area D: Regulatory Matters
- EPBC Act exemption
- NOPSEMA key functions during a response and Significant Incident Directions
- Oiled Wildlife Response Plan
Oil Spill Response Workshop

Improvement opportunities: Preparing for and responding to significant oil spills

- Response training & competency
- Jurisdiction boundaries & respective responsibilities
- Trans-boundary spill impacts
- Consultation in preparation of a response plan
- NOPSEMA functions / powers (direction) in a spill
- Access to OSRA

Improvement opportunities: Preparing for and responding to significant oil spills

Trans-boundary spill impacts

Consultation in preparation of a response plan

Jurisdiction boundaries & respective responsibilities

Response training & competency

Access to OSRA

NOPSEMA functions / powers (direction) in a spill

Improvement opportunities: Preparing for and responding to significant oil spills

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Jurisdiction boundaries & respective responsibilities

Response training & competency

Access to OSRA

NOPSEMA functions / powers (direction) in a spill
OSCP Improvements

• Observed improvement in the quality of submissions
• Positive feedback from OSROs

OSCP Challenges

• Oil spill activities to be considered as part of the activity
• Description of the environment that may be impacted
• Objectives/Standards/Measurement Criteria
• Implementation strategy
• Stakeholder consultation
• Compliance is with the whole submission not just the EP
The next 12 months

‘ensure all appropriate measures are taken to prepare for and respond to an oil pollution incident from offshore petroleum activities’

• National Plan Review
• SpillCon 2013
• Oil Spill Preparedness and Response Forum
Monitoring and Analysis
• Monitoring and Analysis team established 1 January, 2012:
  - Includes 5 multi-disciplined environment specialists
• Involvement in all legislated functions
• Focus on technical aspects of EP and OSCP

- Baseline studies and modelling
- Environmental impact assessment
- Environmental monitoring
- Continual improvement
- Principles of Ecologically Sustainable Development
Environmental objectives, standards and measurement criteria relating to the receiving environment starting to appear in EPs

Environmental monitoring design allowing impacts to be detected; and their extent, severity and duration determined in some cases

Pre-planning for operational monitoring, as well as scientific monitoring in the event of an oil spill starting to occur
**Monitoring Challenges and Opportunities**

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>No prescriptive requirement for how monitoring should be addressed</td>
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</tr>
<tr>
<td>Determining the extent of monitoring warranted</td>
<td>Flexibility to demonstrate an appropriate level is achieved</td>
</tr>
<tr>
<td>Gaps in regional baseline environmental data</td>
<td>Industry collaboration at regional level</td>
</tr>
<tr>
<td>Demonstrating risks and impacts are acceptable</td>
<td>Reduce operator requirements for monitoring</td>
</tr>
<tr>
<td>Relating objectives to protection of the receiving environment</td>
<td>Increase regulator and stakeholder confidence</td>
</tr>
<tr>
<td>Demonstrating environmental objectives can be met</td>
<td>Results in accepted and achievable approaches</td>
</tr>
<tr>
<td>Limited data sharing and lessons learnt</td>
<td>Greater transparency and less duplication of effort</td>
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Monitoring considerations

**Consider potential role of environmental impact monitoring**
- Measurement criteria – have the objectives proposed been met and are principles of ESD supported?
- Assisting to demonstrate impacts and risks are acceptable
- Also consider actions in response to monitoring results

**Demonstrate how monitoring proposed is appropriate... reasoned and supported arguments**
- How thresholds for change are established and used?
- How is source monitoring related to receiving environment impacts?
- Why monitoring may not be required

**Ensure it’s achievable**
- Within timeframe
- Will it be able to measure impacts at appropriate power?
- Will it be able to demonstrate that objectives were met?
The next 12 months

- Develop guidance notes for:
  - Off the Shelf Monitoring Program (OSMP)
  - Baseline and environmental monitoring
- Industry engagement – focus groups
  - Environmental monitoring – standardisation of techniques and metadata
  - Collaboration with other operators and research agencies for regional studies and response preparedness
- Advice – presentations, operator liaison meetings and Regulator articles
- Inspections
Implementation and Regulatory Guidance
Implementation and Regulatory Guidance

First 6 months

- Establishment of internal processes
- Policy and procedure implementation and development
- Transition from DAs to NOPSEMA
- Specialists across all teams

Status

- Core Functions
  - Operational
  - Assessment
  - Inspection
  - Investigation
  - Enforcement

Future

- Stand alone team
- 4 full time specialists
- Focus on efficiency and improvement
- Engagement and advisory/guidance development
Functions

- Regulatory Streamlining and Improvement
- Advice and Promotion
- Guidance
NOPSEMA advice and promotion activities

Regulatory

- Operator liaison meetings
- Operator regulatory clarification meetings
- Operator liaison on decisions
- Ad-hoc advice requests (email and phone)
- Policies and Guidance Notes
- NOPSEMA decisions feedback
- Industry performance reporting
- Industry briefings
- Other stakeholder briefings
- Industry env mgt workshop program
- APPEA committees and quarterly liaison
- High level operator liaison
- CEO delegation briefings
- The Regulator newsletter and other publications
- Alerts
- NOPSEMA feedback/complaints

Non-Regulatory

- Key issues working groups (Co-lead or participate)
- Input / review to APPEA guidelines and standards
- Regulators forums (APRF, IRF, IOPER and AELERT)
- Conference and seminar participation
- Regulation review reference group

External Opportunities
I&RG Engagement with Industry

Liaison outside assessment and inspection processes

General advice on NOPSEMA processes and regulatory requirements

Implementation and Regulatory Guidance

Coordination of industry feedback

Continued involvement in assessment, inspection, investigation and enforcement
Regulatory streamlining and improvement

Project Focus

- OPGGS(E)R Review
- EPBC Act Streamlining
- Legislative Amendments
- Guidance
• First major review in 12 years
• Headed by the Department of Resources, Energy and Tourism (RET)
• NOPSEMA provide specialist technical input
• Industry comments coordinated through APPEA
• NOPSEMA will coordinate a workshop in August to collate and provide industry input to RET
• Terms of reference finalised and issues paper currently under draft
EPBC Act Streamlining

Drivers
- Productivity Commission
- Montara Commission
- Hawke Review

Process
- Liaison with SEWPaC and RET
- Administrative streamlining
- Statutory streamlining

Outcomes
- Reduction in duplication
- Single regulator with industry focus
- Improved environmental and compliance outcomes
Guidance Notes

• Additional guidance on the environment plan regime under preparation
• Interim Environment Plan Preparation guidance note is being updated
• Will ultimately be replaced by a suite of guidance notes
• NOPSEMA is restructuring guidance notes to better reflect regulations
• Guidance will not be ‘prescription by stealth’
Legislative Amendments

Compliance and Enforcement

- Civil Penalties
- Graduated Enforcement
- Polluter Pays
- Inspector Powers
Any Questions?